Bond Case Briefs

Municipal Finance Law Since 1971

The Threat to the Tax-Exemption Keeps Building Amid Quantitative Stress, Qualitative Drift.

- The municipal bond tax-exemption is **not** under an imminent attack, **but the threat is still building** in the background because fiscal pressure is rising, and political dysfunction makes it easier to ignore the issue rather than deal with it.
- The threat is building in this constrained environment defined by debt over 100% of GDP, low public confidence, long-term rates near 5%, and a weaker sovereign credit reality.
- The pro-infrastructure case for the municipal bond tax-exemption is strong, but it cannot not defend itself. Municipal issuance has been heavy, ASCE raised the national infrastructure grade to a "C" while still estimating a multi-trillion-dollar ten-year gap, and the next phase of infrastructure will demand even more resources and capital. **Need and reality require constant, plain-language advocacy and education.**

The Numbers and the Dysfunction

There is **not an imminent threat** to the municipal bond tax-exemption right now. The current backdrop is almost worse because the threat continues to build without concentrating on one obvious point. The threat is building quantitatively in the form of fiscal pressure and deterioration. It is building qualitatively, in uneven political understanding, partial support, and a system where dysfunction makes it easier to ignore the reality rather than deal with it.

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